

Message Text

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11

ACTION NEA-09

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 /080 W

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P R 091512Z FEB 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 3790

INFO AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L AMMAN 1021

EO 11652: GDS

TAGS: ENRG, JO, SA, US

SUBJECT: TAPLINE AND JORDAN

REFS: (A) STATE 029373

(B) AMMAN 794 (NOTAL)

(C) JIDDA 826

(D) BEIRUT 1628 (NOTAL)

(E) DHAHRAN 0170 (NOTAL)

(F) KUWAIT 0603

1. POST APPRECIATES RESPONSIVE IDEAS AND COMMENTS TO
REFTEL (A) COVERED IN REFS (C) THROUGH (F).

2. WE RECOGNIZE THIS IS INCREASINGLY COMPLEX ISSUE, MAJOR
ELEMENTS OF WHICH ARE TAPLINE'S SHORT TERM LEVERAGE;
THREAT OF CREEPING CUT OFF OF OIL SUPPLIES FOR JORDAN (600 TON
PER DAY SHORTFALL); FUTURE OF TAPLINE AND ITS OPERATIONS;
ALL UNDERGIRD BY JORDAN'S SPECIAL OIL PRICE PROBLEM.
WE AGREE WITH DEPARTMENT THAT SPECIAL PRICE ARRANGEMENTS NOW
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ENJOYED BY JORDAN CANNOT CONTINUE IN PRESENT FORM, AND AS SUG-

GESTED BY JIDDA SOME FORM OF RELIEF (FOR DEFENSE PURPOSES) OR AS SUGGESTED BY JIDDA AND KUWAIT, RESORT TO ARAB SPECIAL FUND IS REQUIRED. IN THIS EVENT, JORDAN DISCUSSION WITH SAUDIS SEEMS BEST AND PROBABLY ONLY POSSIBLE FIRST STEP. UNLESS DEPARTMENT OBJECTS, I TAKE IT AS WITHIN MY INSTRUCTIONS TO TELL RIFAI THIS IN CONNECTION WITH WHAT I AM AUTHORIZED TO PROVIDE HIM (PARA 2, REFTEL A).

3. UNFORTUNATELY, REFTEL (A) DOES NOT ADDRESS SHORT TERM PROBLEM OF MEXICAN STANDOFF BETWEEN RIFAI AND TAPLINE. WE THINK THIS IS A CORRECT POSITION AS LONG AS JORDANIANS TALK TO SAUDIS BEFORE STRANGULATION SETS IN. (WHAT THEY SAY PRIVATELY ABOUT THEIR OWN SUPPLIES PROBABLY WILL ALLOW THEM TO LAST AT LEAST FOR A MONTH OR SO.)

4. WE CANNOT EXCLUDE FACT THAT RIFAI WILL WANT TO TAKE THIS UP WITH SECRETARY IN FORTHCOMING MEETING. WE HOPE TO HEAD THAT OFF BY DISCUSSION WITH RIFAI HERE IN NEXT FEW DAYS WHICH WOULD URGE NO ABRUPT ACTION, BUT EARLIEST POSSIBLE DISCUSSION WITH SAUDIS AND TO KEEP IN CLOSE TOUCH WITH US ON RESULTS. IF DEPARTMENT AND KUWAIT HAVE NO OBJECTION WOULD ALSO LIKE TO MENTION TO RIFAI FUND DESCRIBED IN REF (F) AS ONE POSSIBLE ALTERNATIVE SOLUTION TO LONG TERM PRICING PROBLEM. PICKERING

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